

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)
FILING OF NORTH MERCER WATER) CASE NO. 2012-00394
DISTRICT)

ORDER

On August 31, 2012, North Mercer Water District (“North Mercer”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. North Mercer purchases water from the city of Harrodsburg (“Harrodsburg”).
2. Harrodsburg’s wholesale water service rates to North Mercer are based upon a seven-step, declining block rate design.
3. On September 10, 2012, Harrodsburg increased its wholesale water rate to North Mercer, increasing each rate block, on average, by 12.5 percent.
4. North Mercer proposes to increase the water rates to its customers effective September 24, 2012 to reflect the increase in its wholesale supplier’s rates.
5. During the 12 months ending August 31, 2012, North Mercer purchased a total of 308,065,530² gallons of water from Harrodsburg and sold 254,080,776 gallons.

¹ KRS 278.015; 807 KAR 5:068.

² 308,065,530 gallons is equal to 41,185,231 cubic feet.

The increase in the cost of purchased water is \$74,681.30, resulting in a purchased water adjustment of \$0.29 per 1,000 gallons.

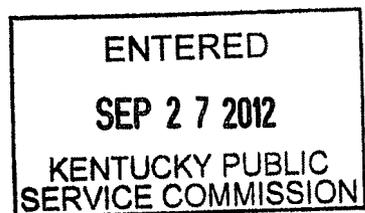
6. The purchased water adjustment of \$0.29 per 1,000 gallons is fair, just, and reasonable and should be approved.

7. North Mercer's proposed rates are fair, just, and reasonable and should be approved for service rendered on and after September 24, 2012.

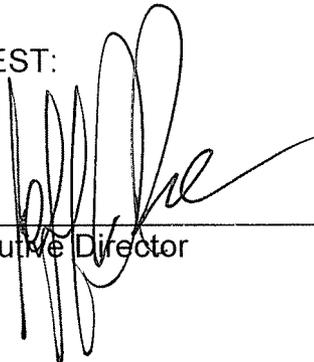
IT IS THEREFORE ORDERED that:

1. North Mercer's proposed rates are approved.
2. The purchased water adjustment of \$0.29 per 1,000 gallons as calculated in Appendix A is approved.
3. The rates in Appendix B are approved for service that North Mercer renders on or after September 24, 2012.
4. North Mercer's proposed tariff sheet is approved.

By the Commission



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00394 DATED **SEP 27 2012**

		BASE RATES			
		BILLS	CUBIC FT.	RATE	REVENUE
FIRST	250	12	3,000	\$8.78	\$105.360
NEXT	750		9,000	3.33	299.700
NEXT	3,000		36,000	2.90	1,044.000
NEXT	6,000		72,000	2.46	1,771.200
NEXT	25,000		300,000	2.10	6,300.000
NEXT	25,000		300,000	1.75	5,250.000
OVER	60,000		40,465,231	1.40	566,513.234
TOTAL		12	41,185,231		\$581,283.29

		CHANGED RATES			
		BILLS	CUBIC FT.	RATE	REVENUE
FIRST	250	12	3,000	\$9.87	\$118.440
NEXT	750		9,000	3.75	337.500
NEXT	3,000		36,000	3.26	1,173.600
NEXT	6,000		72,000	2.77	1,994.400
NEXT	25,000		300,000	2.36	7,080.000
NEXT	25,000		300,000	1.97	5,910.000
OVER	60,000		40,465,231	1.58	639,350.649
TOTAL		12	41,185,231		\$655,964.59

Increased water cost \$74,681.30

Increased water cost	\$ 74,681.30
Divided by gallons sold	<u>254,080,776</u>
Purchased water adjustment factor	\$0.2939 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2012-00394 DATED **SEP 27 2012**

The following rates and charges are prescribed for the customers in the area served by North Mercer Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First	1,000 gallons	\$ 16.59	Minimum Bill
Next	2,000 gallons	6.99	per 1,000 gallons
Next	2,000 gallons	6.29	per 1,000 gallons
Next	5,000 gallons	6.09	per 1,000 gallons
Over	10,000 gallons	5.79	per 1,000 gallons

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North Mercer Water District
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